

TABLE 10

Mar-04

CBO March 2004 Baseline Forecast

HISTORICAL INTEREST RATES BY FISCAL YEAR

BER 91-Day Treasury Bill Rate: a/b/

1981	15.25%
1982	12.09%
1983	8.69%
1984	9.89%
1985	8.16%
1986	6.63%
1987	5.81%
1988	6.39%
1989	8.42%
1990	7.92%
1991	6.17%
1992	3.89%
1993	3.07%
1994	3.78%
1995	5.65%
1996	5.21%
1997	5.17%
1998	5.12%
1999	4.55%
2000	5.73%
2001	4.53%
2002	1.63%
2003	1.00%

BER 3-Month Commercial Paper Rate: a/b/

1981	15.00%
1982	12.80%
1983	8.87%
1984	10.12%
1985	8.39%
1986	7.08%
1987	6.37%
1988	7.32%
1989	9.07%
1990	8.26%
1991	6.61%
1992	4.08%
1993	3.31%
1994	4.00%
1995	5.98%
1996	5.50%
1997	5.59%
1998	5.66%
1999	5.15%
2000	6.37%
2001	5.04%
2002	1.64%
2003	1.71%

PROJECTIONS OF INTEREST RATES BY FISCAL YEAR

BER 91-Day Treasury Bill Rate: a/b/

2004	1.32%
2005	3.09%
2006	4.11%
2007	4.71%
2008+	4.72%

BER 3-Month Commercial Paper Rate: a/b/

2004	3.39%
2005	4.47%
2006	5.10%
2007	5.12%
2008+	5.12%

Discount Rate--10-Year Zero Coupon Bond c/

2008	5.50%
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a. Because the costs of the student loan programs are estimated on a net present value basis, the interest rate forecast for 2006+ is the rate which has the most impact on federal cost of loans disbursed over the forecast period.

b. BER stands for bond equivalency rate.

c. The cash flows of the student loan programs are discounted using a matrix of different zero coupon bonds. The rate shown here is the forecast for a 10-year zero coupon bond for fiscal year 2008. It is shown here for illustrative purposes.